

**Clearances:**

1/31/63  
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SECRET

A-403  
Page Two  
Jidda

4. SAG to Establish Special Economic Development Fund. Royal Decree no. 48 of March 14 specified that all additional payments and revenues realized by SAG as a result of the negotiations with Aramco, Tapline currently in progress, will be deposited in a special reserve to be called "The Economic Development Fund," to implement development projects. (UNCLASSIFIED)

Comment: This decree formalizes a promise made by Crown Prince FAYSAL in his policy statement in early November, 1962. (UNCLASSIFIED)

5. Aramco-SAG Negotiations Nearing Conclusion. Embassy and Consulate General sources estimate chances good for satisfactory conclusion negotiations between Saudi Arabia and Aramco prior scheduled opening of OPEC conference Riyadh March 30; impression seemingly confirmed by Minister of Petroleum Zaki YAMANI's interview with Middle East Economic Survey editor in Beirut when he stated "outstanding issues between Saudi Arabia and Aramco-Tapline had now been settled." (SECRET)

MILITARY

Negative.

PSYCHOLOGICAL

SECRET

SECRET

A-403  
Page 3  
Jidda

2. Bunche Visit. Al-Madinah, which front-paged lengthy article on Bunche mission — described as "unsuccessful" (March 12) continued its press play on this subject March 14, underlining that continuing negotiations "are being carried on between New York and Washington on one hand and Arab capitals on the other to solve the Yemeni Crisis." Al-Madinah quoted "reliable sources" as follows: "In the event Dr. Bunche is to return to the area, this time he will meet the representatives of Imam al-Badr." (UNCLASSIFIED)

3. Alson Articles. Al-Bilad, March 14, front-paged summary of Joseph Alson article (NY Herald Tribune, February 25) describing Nasir as "an ungrateful man who bites the hand that feeds him." Highlighted Alson claim that President Kennedy "is personally reconsidering this policy which, in the opinion of Alson, is capable of exposing the interests of America to a fatal danger." (UNCLASSIFIED)

4. Renewal of Theme — "Nasir U.S. Agent". Editorial, Al-Nadwah, March 12, an undated news item, March 17, prominently featured front-page revival old theme: "Nasir is 'U.S. chosen instrument in Middle East.'" Both articles picture U.S. as "clearly leaning towards supporting the policy of Egypt to help that country to dominate the Arab World." (UNCLASSIFIED)

5. Other News. Front page Western Wire Service coverage of "agreement between USSR and Kuwait to establish diplomatic relations at Ambassadorial Level." Al-Nadwah, March 18, headlined: "SR 8 million for Streamlining the Economy in Eastern Province." Press reports Yemeni royalist military successes revived after several days lapse. Al-Bilad, March 19, front-paged "war communique" from headquarters Imam Badr's forces claiming victories over republican tribes and UAR forces. (UNCLASSIFIED)

For the Ambassador:

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